

ROUTING AND TRANSMITTAL SLIP		Date
		25 Feb 87
TO: (Name, office symbol, room number, building, Agency/Post)		Initials Date
1. EXA/DDA		25 FEB 1987
2. DDA	26 FEB 1987	
3. MS/DA	2 MAR 1987	
4. ADDA		
5. DDA/Registry		
Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	
REMARKS		

DO NOT use this form as a RECORD of approvals, concurrences, ~~disposals~~, clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post)

Room No.—Bldg.

Phone No.

5041-102

☆ U.S. GPO: 1986-491-247/40012

OPTIONAL FORM 41 (Rev. 7-76)  
Prescribed by GSA  
FPMR (41 CFR) 101-11.206

**EXECUTIVE SECRETARIAT**  
**ROUTING SLIP**

TO:		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR				
4	D/ICS				
5	DDI				
6	DDA		(X)		
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/OCA				
14	D/PAO				
15	D/PERS				
16	D/Ex Staff				
17	D/O/LOG/DA		(X)		
18					
19					
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22					
SUSPENSE		_____ Date _____			

Remarks

*HS*  
 Executive Secretary  
 24 Feb '87  
 \_\_\_\_\_  
 Date



Administrator  
General Services Administration  
Washington, DC 20405

87-0748X

DUPLICATE  
LOANED

February 17, 1987

Dear Mr. Gates:

The Office of Management and Budget has released for comment a draft bill authorizing the funding of our Federal Supply Service (FSS) operations through a full-cost recovery mechanism. We have supported this proposed legislation for two reasons. First, we see it as a means by which our procurement and supply services can achieve stability and consistency by freeing them from dependency on an often fluctuating appropriated funding approach. The influences of budgetary changes from year-to-year have affected the quality and level of service which FSS has provided. Criticism of FSS' reliability as a supply source has prompted us to formulate this full-cost recovery solution.

Secondly, we see this as an opportunity to increase competition and economy in Governmentwide logistics operations. Incentive to keep our pricing structure competitive is found in the legislative provision which conveys that FSS will be a preferred but not a mandatory source. If an agency finds it can serve its own requirement through a commercial source at less total cost to the Government, it is permitted to do so. The modest increase in our pricing structure (e.g., averaging 3 percent in our direct delivery program and 9 percent via our stock program) will not undermine the highly competitive nature of our supply sources. Nevertheless, we will continue to find in this legislation, a self-perpetuating incentive to strive for even greater efficiencies in FSS operations and deeper discounts in our contract prices.

The advantage to the Government as a whole, and to each agency we serve, is found in these two objectives. I, therefore, encourage your support of the legislation and welcome constructive comment on improvements which might aid in its implementation in the 1988 budget cycle.

Sincerely,

Terence C. Golden

The Honorable  
Robert M. Gates  
Acting Director  
Central Intelligence Agency  
Washington, DC 20505

4-12-87  
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